

TRANSCRIPT

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Transcript of Idaho Farm Bill Listening Section with Under Secretary for Natural Resources and the Environment Mark Rey And Moderator Doug Andersen Blackfoot, Idaho, September 6, 2005

MR. ANDERSEN: Good afternoon. It looks like a great crowd on a Tuesday afternoon. We appreciate you being here and welcome to the Idaho USDA Farm Bill Listening Session. We're also pleased to have with us the Undersecretary, Mark Rey, and Idaho Ag Director, Pat Takasugi with us this afternoon. We want to go ahead and begin this listening session with the most important act, the Pledge of Allegiance, and with us we have from the Idaho State Future Farmer's of America, president, Brad Hale, and state secretary, Jill Dalton who will lead us in the pledge. Brad and Jill.

(The Pledge of Allegiance was given.)

MR. ANDERSEN: Thank you, Brad and Jill. We'd like to go ahead and at the onset here make a couple of introductions so that everybody knows who some of our esteem guests are this afternoon. I'd like to welcome our gracious host, Don Dixon, president of the Eastern Idaho State Fair board of directors for some welcoming comments. Don.

MR. DIXON: Thank you. Just very briefly, let me give me a very heartfelt thanks for coming to this listening session. We certainly welcome you to the Eastern Idaho State Fair. This is our 103rd year as a state fair. Almost a continuous operation. There were a couple years during the war when we didn't have it, but let me say just briefly that we do represent 16 different counties here in Eastern Idaho. As such, we are the only state fair in Idaho. But, once again, let me welcome you on behalf of our board of directors. Doris Wallace, who is our fair manager and her staff and all of our fabulous ground crew. Welcome to Blackfoot and the Eastern Idaho State Fair. We thank you, Undersecretary, for coming, Pat, for being with us. Thank you very much.

MR. ANDERSEN: Thank you, Don. At this time we'll also take a minute to introduce the members of our congressional -- Idaho's congressional staff who are visiting with us today and if you would stand so that we can recognize you and see those that are in attendance. From Senator Craig's staff, Mike Matthews, Steve Brown, and Mic Webster. From Senator Crapo's staff, Don Dixon, and Leslie Huttleston. (Phonetic) From Representative Mike Simpson, Charlie Barnes. And from Representative Butch Otter, Lane Jolla. Thank you for being here. It's now my opportunity to introduce Idaho's State Director of Agriculture, Pat Takasugi. Pat.

MR. TAKASUGI: Thank you, Doug. Well, good afternoon. Those of you who are in -- oh, I see the chairman's in the sun. You need to move back. We want you to last the whole three hours there, Stan. I'd like to welcome everybody here to the 103rd fair. Don, you never elaborated about what it was like when you started the fair. Well, you got that. I'd like to

welcome all the farmers and ranchers that I know. Like me, you're harvesting right now, and to take the time to come out and voice your opinions on the next Farm Bill shows how important it is to you, so I'm glad to see those of you that were able to make it.

I'm going to talk just a little bit. And those of you that know me know that that's a real challenge. Is that wind or is that somebody giving me a message? The Farm Bill is going to be a different one. A lot of talk around the Hill is there's going to be some changes. And I think for those of you know that know the old Farm Bill, those of you that wanted a new Farm Bill, this is the time to voice your opinions as they go into those dark rooms and start crafting the Farm Bill. Changes, we see it out here in rural Idaho, from small farmers, to big farmers, that middle ground, the family farms, are kind of disappearing. The industry itself is changing quite a bit. We're dealing with an international marketplace. We're having to compete overseas and domestically against international producers. The future I think is one that lies in several different areas that I'm hoping that you elaborate on.

The future I think lies in marketing. We made it for years knocking on the doors of foreign countries trying to move our product overseas. But I think we have to recognize that domestic marketing is just as important. While we've been overseas, the Europeans, the South Americans, and others have been moving produce in competition with us domestically. And I think we have to address that in this Farm Bill. I think it's also true that food is something that we have to reacquaint people with. Those folks down there in Louisiana and New Orleans realize how important food is. It's not just a matter of food safety. It's a matter of food availability. And I think this is a time for us in the Farm Bill to address that issue. But along with that, we're seeing prices for fuel that are unprecedented. And I think agriculture has the opportunity to step forward and fill that gap. And I think in this Farm Bill we'll be able to help address that even more. And last, but not least, agriculture has the opportunity to produce fiber that can be used for the very shirts you're wearing and other things, the technology out there. I just read this morning, they're going to be producing eggs that create an antibody that will attack cancer cells. The biotechnology I think is another one of those points that will help us in agriculture to transition and survive in this next millenium. So, again, I would like to thank you for taking the time from your harvest and from your cattle to come in and talk to the Under Secretary and let him know what you think the next Farm Bill will be. And thanks, Don, for holding this the 103rd year and from year one it looks like it's getting better every year. Thank you all.

MR. ANDERSEN: Thank you, Pat. I'd now like to introduce Mark Rey. Rey has served as the Under Secretary of Agriculture for Natural Resources and Environment since October of 2001. He has an extensive background in conservation and resource policy, serving for a time on the staff of Senate Energy -- on the committee on senate -- on the Senate Committee of Energy and Natural Resources. That's the same committee that our own Senator Larry Craig held a seat. In fact, Senator Craig spoke in favor of Secretary Rey's nomination before the United States Senate in 2001 at those confirmation hearings. Please join me in welcoming Under Secretary Mark Rey.

UNDER SECRETARY REY: Thanks for that kind introduction. It occurs to me that as I look out at you that some of you may think I'm a bit overdressed for a state fair in Idaho, and there's a reason for that: About four months into my tenure in this job, I agreed to participate in a field trip in California to look at some conservation practices that we were applying in the Central Valley.

So I arrived at the appointed time and place to commence the trip, but many people were delayed because it was January and the weather wasn't ideal, and so our area conservationist there, was quite excited to get the trip started and underway and stay on schedule, so he said,

well, we're getting a little bit of a late start, let's all get on the buses and we'll handle introductions at the first stop. So I shrugged my shoulders and got on the bus and we drove off, and we got to the first stop and he was so excited about launching into the good conservation practices that we were helping encourage there that he forgot about introductions and went right into the presentation. He got through the presentation, looked at his watch, and said, my gosh, we're still late. Let's get moving and so we all got on the buses to the second stop.

By about five minutes into the presentation at the second stop, I noticed one old fellow, a Central Valley grower was kind of craning his neck looking around for something. Obviously trying to search something out, and I was kind of hanging in the back by myself in the back of the crowd. As this fellow looked around, he finally sidled up to me and he said which one's the new knucklehead from Washington, D.C.? And I decided that day that if I wore a suit and tie it would be very unlikely that anybody would ask me that question again because everybody would know who the new knucklehead from Washington, D.C. was. That would be the guy wearing the suit and tie at the Idaho State Fair.

But thank you for the introduction. I'd especially like to thank Don Dixon and Doris Wallace, for allowing us to hold this event this afternoon. It's my pleasure to be here this afternoon on behalf of Secretary of Agriculture Mike Johanns to hear directly from Idaho's farmers, ranchers, and rural residents about issues of concern in farm policy and in farm legislation.

In preparing for the development of the 2007 Farm Bill, Secretary Johanns announced in June the first of what has become a nationwide series of Farm Bill forums held across the country. That first forum, which he chaired, was held in Nashville, Tennessee, and we've conducted 11 more and plan several other forums through the end of this year. If you're paying attention, that would make this the 13th Farm Bill forum. Hopefully you're not superstitious. Various undersecretaries will also be conducting forums in the hope that no voice is left unheard as we develop this next Farm Bill.

As was mentioned in my introduction, I'm the Under Secretary for Natural Resources and the Environment with jurisdiction over the Forest Service and the Natural Resources Conservation Service. My career has been spent working on conservation, and as you may know, the Farm Bill is one mechanism that helps us practice and encourage good working lands conservation.

The 2002 Farm Bill was considered landmark legislation for conservation funding and for focusing on environmental issues. The conservation provisions of that bill have assisted farmers and ranchers in meeting environmental challenges on their land. The 2002 Farm Bill also simplified existing programs and created new programs all seeking to enhance the long-term quality of conservation on working farms, ranches, and forest lands.

What will go into the next Farm Bill will have a long lasting effect on our nation's natural resources. And that's why we're here today to hear your thoughts, comments, and concerns on what should be included in the next Farm Bill. To that end, Secretary Johanns has developed six specific questions that we'd like you to reflect on today. The first question relates to challenges for new farmers. How do we prepare farm policy to provide a future for new entries into the agricultural community? The policies that we develop in the next Farm Bill should welcome the next generation of farmers and avoid unintended consequences such as higher land prices that make it more difficult for new entries into agriculture.

27 The second question relates to how do we stay competitive in a world market place? Over percent of the cash receipts from agricultural in this country come from abroad. That's a very, very large piece of all farm income across the country. The next Farm Bill must assist us in remaining competitive in domestic and global markets in order for American agricultural to succeed.

The third question relates to farm program benefits. Is the current distribution system the most effective way of distributing benefits? Benefits should stabilize farm prices and income. The current programs, crop insurance is a good example, and we've had some conversation about that already in our previous Farm Bill forums, distribute assistance based on past and current production levels. Some argue that those programs favor larger over smaller farms.

The fourth question, the one that I hold nearest and dearest, relates to conservation. How do we do our conservation policies in a way that provides for cooperative conservation? I continue to believe that our farmers are the best conservationists in the nation. Some suggest that the next Farm Bill should anchor farm policy around conservation and around the tangible benefits produced like cleaner air, and water, and less developed landscapes.

The fifth question relates to rural economic development. How can federal, rural, and farm programs provide effective assistance in rural areas? If you look back at Farm Bills of the past, there wasn't much there relative to rural economic development. In the 2002 bill, it was a pretty significant piece of the legislation.

At one time farming and rural America were synonymous, but the demographic and economic characteristics of some rural areas have changed dramatically in the last decade or so. Some believe we should use the Farm Bill to invest more in infrastructure in rural America.

And then the last question involves the expansion of agricultural products, markets, and research. We have great resources at our disposal at the Department of Agriculture. What are we doing right with those resources in terms of research, and if we're not doing things right, what should we be doing instead? Agriculture, as you know better than I, is a rapidly changing business. And some say our Farm Bill policy should do more to develop new products and new markets.

Those are the questions that we'd like to hear about from you. And what you'll find here momentarily is that when I'm done speaking, I'm going to say relatively little during the balance of this forum because our objective is to hear from you, not have you hear from us. I will be taking copious notes as I have at previous Farm Bill forums. And all of your comments will be transcribed and published in the federal register, so if you're thinking of using non-family friendly rhetoric, be aware that it will be published in a journal of public record. Given the course of your remarks, if you run out of time, or simply think of something you forgot to say, please know that you can always go to www.USDA.gov and click on Farm Bill forums. Comments submitted on the Web in writing, or voiced here today, are all given the same weight and the exact amount of study and analysis.

Finally before asking questions today, please -- or making your statements today, please state your name, city, and state, and your involvement in agriculture and connection to the Farm Bill. Also speak as loudly and clearly as possible so our transcriber, and people like Pat and I who are getting on in years, can accurately hear and capture your thoughts. Before I relinquish the podium, I would like to express in advance my appreciation for what all of -- those of you who are USDA employees have already done and what all of you who are interested in agriculture may yet be called on to do to assist the victims of the hurricane disaster in Louisiana,

Mississippi, and Alabama. It is without doubt the largest natural disaster in our nation's history. I feel fortunate that Secretary Johanns released me for a day to come out and conduct this as scheduled. I'll be flying back all night tonight to the east coast to resume the work that we're doing in trying to assist in that disaster recovery.

Like any large natural disaster, the ways of impact spread out where as time progresses, and I know that many of you both in the USDA and those interested in agriculture will be assisting in the disaster recovery effort over the next several weeks and months.

The final word, I'd like to offer a message to our FFA people here and to all the young people here at the session today, President Bush indicated that you are the reason for this Listening

Session and for this tour. We hope that the ideas and advice that we receive pave the way for your future success in agricultural, so if you have some thoughts you want to share with us today, don't be bashful, step up to the microphone and let us know what you think. Thank you for being here today. I look forward to a productive discussion this afternoon. And now I'll turn the microphone back to Doug.

MR. ANDERSEN: Thank you, Mr. Rey. Before we hear from you, each of you, maybe, I'd like to go ahead and cover a couple of house cleaning items. Behind you and to the left, as you're walking out it will be to your right, is the ag building, exactly behind where you're seated. In there you will find many display booths from the agencies that comprise the Department of Agriculture. There's a lot of information there. It would be beneficial to you in your professional lives, we suggest that you make a walk through there and take a look at those booths. Also immediately behind the grandstand, you'll find a white-clothed desk that runs the length of the grandstand where members of the USDA help-desk are seated. They can answer, again, a lot of questions, those that you may have. Again, this particular Listening Session is specific to the listening of the Farm Bill. If you've got a question on some other bill, some other legislation, some other issue not related to the Farm Bill, we would direct you to that help desk, and they can direct you there. Again, in the interest of hearing from as many as we can, we're going to limit comments, questions, statements, whatever you have to three minutes each. We'll have a little stop light timing system: Red, yellow, green lights. We're all familiar with those. Hopefully we pay more attention to this light than what some of us do on our streets when we're driving, but a red, yellow, and green street light system will hopefully kind of add a little bit of order to the comments that we will have here this afternoon.

And so that we're aware, when the light turns yellow, that will be an indicator to you that there's one minute left in your particular time. Again, that will be stationed here when we get to that point in the session. Now, as the Secretary mentioned, if you're not able to make a comment, or you simply forget, or you think of something when you're driving home, or you're out in the field and something comes to you, there's another opportunity for you to submit those questions. You can do so on line at USDA.gov. Click on the Farm Bill Forums link and you can make those comments there. Again, the comments that are made through the Web site are no less important, no more important than the comments that will be made here today. All will become a part of that federal register and will be given the same weight, analysis, as the comments that will be made today.

Finally, again, if you'd like to make comments today, and we would recommend that you do so, please step to either of these two microphones on the front. We've got some chairs. If there's a mad rush to the microphones, there's plenty of time, you can come and sit down and take your place in line. We would only ask a couple of things: Again, to reiterate, if you would give us your name, your city, and state, and your role in agriculture. It's helpful if you could also state the question, which you'll be commenting on. Those questions are the ones that Secretary Rey listed for you. If you're having trouble trying to categorize that comment, don't worry. We

can figure that out after the fact. We'd ask again, we've got some competing noise here. I think that the agriculture industry can compete very well, so speak up, speak into the microphone so that our transcriber, who's got a huge task today, can do her job. Again, if you did not receive a handout with the Farm Bill questions on it as you entered, if you'd raise your hand, we've got a number of people in burgundy shirts that I'm sure can make sure that you have one of those in your hand. And with that, who would like to be our first person to comment? Don.

DON DIXON: Thank you. If you'd let me to digress just a moment. I see our Eastern Idaho State Fair Manager, Doris Wallace, is with us. I'd like to recognize her. Doris. She's over in the shade under the blue Cellular tent. Thank you. And if I could approach this microphone with a different hat on. If you notice I don't wear hats very much, but you can imagine. I'm State Director for agricultural issues for Senator Mike Crapo. And as such I'd like to express his regrets that he cannot be with us today and attend this Listening Session, he wants to express his appreciation because he did extend an invitation to Secretary Johanns to hold one of the Listening Sessions in Idaho. He appreciates that very much.

Let me say that as a member of the Senate Ag Committee, we will be listening very closely to the remarks that are made here today and we will be working with the USDA and the Congress in trying to craft a Farm Bill that will serve Idaho's agriculture industries and also her rural communities. With that, thank you.

MR. ANDERSEN: Do we have another? Okay. We'd like to try to alternate these if we could. Go ahead, please.

BRAD HALE: My name is Brad Hale from -- I'm representing 3,500 members from Idaho and the Future Farmers of America, FFA. I'm from Rigby, Idaho, just down the road. And as I travel across the state talking with FFA members, most of them really do want to get involved in agriculture. The only concerns they have are the price of land to get started if they are not on a family farm already, fuel, machinery, and the unstable crops. And one thing that we'd like to be addressed in Farm Bill is with the retiring farmers, if there could be a program that us new generation of farmers and the retired farmers can get together and with an incentive to -- so we can have the land, or buy the land from them at a cheaper price, and just help us get started in the generation that we are, the new farmers, that would be a great opportunity for many farmers that are young to get started.

And also with that, the new farmers need help with the price of machinery, fuel, and crops. There are many different opportunities in agriculture, and we realize that as the Future Farmers of America, that with the contests and different things that we are involved in. And farming is not the only thing that can (inaudible) production in agriculture. However, it is one of the most popular that -- especially in Idaho, kids want to become farmers and help support their families and the community in Idaho. This would be a great opportunity for them to do what they want as their dream and become farmers. Thank you.

MR ANDERSEN: Thank you very much. Let's go over here to this microphone.

JIM EVANS: My name is Jim Evans. I traveled from the Idaho's Panhandle to be here today. I raise wheat, most crops near Genesee, Idaho, which is just inside the Washington border about a 100 miles south of Spokane, Washington. These south Idaho folks don't know where we are. I'm a fourth generation farmer, and our family's been farming for 127 years. Good farm policies could encourage farmers to take advantage of marketing opportunities, and reward them for crop diversity management. They're good for the environment. Every country supports their

agriculture in some form or fashion. Despite our best efforts in WTO negotiations, we're still outspent by the Europeans five to one. I do not see other countries leaving the farmers unprotected any time soon. If U.S. farmers are expected to compete against subsidized competition, the following farm tools must be sustained in the next Farm Bill. The Marketing Loan Program, MLP. The Marketing Loan Program is probably the single most important tool on my farm. This program provides me with protection when the prices are intact and pays me when prices are good. And it costs nothing when prices are good. I like this program because it allows me to take advantage of marketing opportunities, crop diversity, and the bankers can see that I now -- risk coverage. This is a good program that needs to be continued because it allows me to include environmentally sound crops and target market opportunities. The direct and countercyclical program payment, I fully support your continuation and have sustained my farm operation at local businesses. Money from these payments go back into the community. Flexibility, the best part of the 1996 Farm Bill, was the freedom -- was the freedom to plant on crop-based acres. Especially for us in the Pacific Northwest that grow a lot of garbanzo beans, and chick peas that are a very high value crop, but right now they are not in the based acres. Peas and dry beans are. In closing, I would like to say that one of the critical issues is the energy situation. I bought diesel fuel on June 2nd of this year. I bought diesel fuel last week. It's up 66 percent. My fuel supplier in Genesee, Idaho ordered a load of gasoline. Before it got to him, it went up 15 cents. We can't farm with these diverse conditions. Anhydrous ammonia went up \$45 a ton, so these things have to change. And my last comment, I'd like to say I appreciate you folks coming out from Washington to listen to us, and I want to leave the last thing with saying is that the only fair thing in farming is a state fair. Thank you.

MR. ANDERSEN: Thank you very much. And a reminder, we appreciate you traveling here to Eastern Idaho. This is the only Listening Session in the State of Idaho, so you have a wonderful opportunity to make your comments. Again, to this side.

RICHARD HESS: My name is Richard Hess and 'm here representing a number of growers, and our national lab and universities, and I have some prepared remarks here that complete -- I've already submitted into the record and I'll just pick through this. Mr. Under Secretary, I'd like to address my comments to question five, which is how can federal and farm programs provide effective assistance in rural America? And specifically I want to talk about a success story here in Idaho. For several years Idaho producers have been working to have energy products like ethanol for (inaudible) of Idaho agriculture products. Capitalizing on merchant sales, and ethanol technology, combined with Idaho's abundant and stable supply of cellulose and bio-mass, in the form of straw, we got our straw bales right here even today, provides an opportunity for Idaho to become a pioneer in the cellulose ethanol industry and become a cellulose ethanol producing state. However, the uncertainty of this new ethanol technology and the financial investment and backing required for such an adventure makes it so that people don't want to get involved in these. You can't get the financial backing, and this is not an unusual situation for many value-added producer type efforts.

The USDA value-added producer grant program provided the needed financial catalyst for moving Idaho producers forward in this cellulose ethanol venture. Funding from the value-added producer grant program provided the resources to organize and bring growers together for a common business objective. And I want to pause here and say that the organizations have been statewide. All the way from our Secretary of Agricultural here in the state down to our grass roots growers. It's just been phenomenal how the state's come together around this. Once organized, the straw supply feasibility studies were conducted and straw production assembly business plans are now being developed. Additionally, largely because of the work being funded by the USDA program, Southeastern Idaho has developed into a top U.S. location for siting the straw- to-ethanol facility. And that can just be the start for this state because even up into the

panhandle and other places, we have great opportunity. In short, the USDA value-added producer grant program has been directly responsible for making straw to ethanol venture in Idaho a possibility. And finally USDA rules business service programs like the value-added producer grant program and a renewable energy system and energy efficient programs will be essential in assisting U.S. producers and world communities throughout the nation contributing to this nation's future energy security through the developments of domestic agriculture base bio-energy business. And so while I won't address all of our fuel issues today, this kind of program, and these programs, are going to help agriculture be part of the solution to this energy problem we have. Thank you.

MR. ANDERSEN: Thank you very much. Over here. Please, and welcome.

HOWARD JONES: Thank you very much. I'm Howard Jones of Genesie, Idaho. I represent the pea and lentil industry there. My family's farmed for five generations in that region. I want to address questions one, three, and five.

For question one, in the floos (phonetic) we have many issues that affect our region over the past ten years of funding for basic crop production at state level. We have not seen new varieties coming on-line. And we have not seen our producers funding equal that of Canada and Australia. And we compete directly with those nations in our legume industry.

We have seen tremendous advances in food safety and, yet, if we don't produce food, that food safety won't produce -- or won't be transferred over to the consuming public. We need new varieties of good agronomic potential. We need more research into end uses and much more for crop protection.

We've seen our crop protection possibilities or alternatives diminished rather than increased, even to the point of where lentils are becoming -- weed pressure in our lentils is such that we may not be able to grow lentils in the future. We need crops that grow well in cool soil with more residue and crops that are more competitive with the less chemical protection as we move to direct seeding and conservation tillage.

In addressing questions three and five, one area that has potential for us is the harmonization of chemical use and chemical regulations across North America. Our neighbors to the north can use materials prohibited to us and the only difference is that imaginary line that marks the border.

We found that commonly used materials change price as they go across that border. Our growers in Montana, Montana and the Dakotas have to spend more money for the same materials as their Canadian neighbors spend. And those Canadian growers that produce those things, or use those materials, have captured a lot of our traditional market.

And I would like to thank Mr. Secretary. Thank you for coming and listening. I share many of the concerns that my neighbors and competitors have, but thank you very much for coming and listening.

MR. ANDERSEN: Thank you. Please.

TOM BOYER: Tom Boyer from Coalville, Utah. It's a pleasure to be here today and it was a pleasure to have you this morning over in our sheep show and participate in that. I'm a third generation sheep rancher. And my concerns center from that view as well as from my role as president of the American Society of Farm Managers and Rural Appraisers.

We have members in every state in the country. And it's our concern that on two or three levels that I might discuss with you for a moment. One is that we -- and when I say we, we've worked with the National Alliance of Independent Crop Consultants. We've worked with the American Society of Agriculture Consultants, with the Irrigation Association. All of us kind of teamed up to work and visit with Chairman Bruce Knight to talk about and develop this technical service provider program.

And I think that we were very excited about that program at the outset and today I think all of us would be united in saying that it's just not functioned the way our vision had been at the outset. Perhaps something could be done to refine that program and make it a more workable program so that services could be delivered perhaps in a more timely basis and in a more effective economic way.

The other parts of my concerns, folks, center around, and I'm talking to those of you behind me as much as to those of you in front me. We have the following concerns: One is that the infighting in Washington is a serious concern of ours as we come to develop this new Farm Bill. The fighting between the two parties has spilled over into now we think into the agricultural world where perhaps it hasn't been before and we think that may be an issue when it comes down to trying to get something accomplished in this next Farm Bill.

We don't have an answer for that, of course, but we would hope that both parties might try to work together for the benefit of American agricultural as we come together in this Farm Bill debate and try to work on that.

Second, we have a concern about -- the public image that's going to come out of this recent survey that I seen in Indiana indicated that a very high percentage of farm income came from the mailbox or from government payments in this past year. Those kinds of concerns -- and when those kinds of percentages hit the American public, we think there's going to be a substantial backlash in terms of what we're able to accomplish in this next Farm Bill. That's an issue that we think -- that we need to be preparing for now, all of agriculture, which leads me to my third point that is that we think it's important that all crop commodities, all livestock entities get together and develop where we can cooperatively work together. We need to develop policy that's good for everybody.

It may not be the very best for the sheep industry, or for the cotton industry, or for corn, or soy beans, but if we can all give a little bit and make this thing work, we think we can come up with a tolerable Farm Bill because we think it's going to be dramatically harder than it was last time. Thank you.

MR. ANDERSEN: Thank you and welcome to Idaho State Farm in Eastern Idaho. Please.

AUGUSTINE WALKER: Good afternoon. I'm Augustine (phonetic) Walker. I'm an agricultural producer out of Orofino, Idaho, that's the panhandle.

MR. ANDERSEN: You may need to get a little closer to the mike.

AUGUSTINE WALKER. Earlier this year I attended a continuing farm education class in Austin, Texas. Among the classes that were taught there was starting new ventures in agriculture.

One of the concepts that was taught in class was something called barrier entry. The guy who gave us a finished successful venture, there was a hurdle not easily overcome. Well, as

I look around my farm this fall and I calculate a 30 percent rise in fertilizer and fuel, and I calculated a 12 cent rise in my cost of production of a bushel of wheat. I believe I can truly understand the concept.

If the government is interested in keeping young farmers that are currently operating and attracting others to the profession, I can make the following recommendations: Please limit the CRP Program. As a young farmer, I compete directly against the CRP Program that's inadvertently set the rental rates for the ground that I go to compete against. So I have to outbid the USDA and I have to outbid my competition just so that I can get ground to farm.

Young people in agriculture will seek a stable environment to build a future in agriculture. Farm programs need to have a long-term vision, be understandable and helpful to the farmer. CSP is a good example of a program that does this. Long-term programs rewards producers for using good production techniques and encourages them to get better.

But the nebulizations of CSP is continued by the last minute program changes and inaccurate -- inaccurate -- let me try that again--inaccurate information causing confusion within the farmers. And that program is implemented to help, and I think this needs to be avoided.

Beginning producers also need flexibility to grow crops that are outside the norm for his or her area if the opportunity arises, along with the ability to limit risk to exposure when doing so. The government LDP loan program along with affordable crop insurance are very important tools for my program to limit my downsize risk.

The next generation of agriculture producers in this country will not be different. We have to be. Despite our small numbers, we're smaller, energetic, and flexible. All that we ask, when it comes to agriculture is that you give us a chance to be that. Thank you.

MR. ANDERSEN: Thank you very much. Please.

DON BUELLER: Thank you. Don Bueller, (phonetic) I'm a wheat producer from Malad, Idaho. I just have a couple of comments on question No. 4 that I hope will be helpful.

I agree with this last fellow. I think for the conservation program, a much better approach are the incentive programs such as the Conservation Security Program before it kind of got messed up. It was better than it ended up being but I think those programs are the way to go rather than the penalty ones, the dollar amount wasted and the time wasted in all of the, you know, policing and that. I think that money could be better used on the ground.

The second thing I thought might be helpful with conservation, as it stands now when we go in to bid, we bid possibly against a neighbor in the same water shed who has similar practices, I think maybe a better way to go would be to have a USDA checklist of practices available and, you know, what the government would do, and then the farmer if he's willing to do that, and then fund that, if that makes sense, rather than the competitive bidding, but just have the practices and then have them available to do. And I think we'd get a lot of more conservation work done that way.

I appreciate you being here very much. Thank you.

MR. ANDERSEN: Thank you very much, sir.

TED HENDRICKS: I appreciate taking the opportunity today at this forum. My name is Ted Hendricks. I'm with East Central Idaho Planning and Development Association. We're a

certified economic development company here in Southeastern Idaho. We represent nine counties in 45 cities. Most of those cities are agriculture in nature; small farming communities that need assistance with economic development opportunities as well as your waste water and water programs that are addressed in your question No. 5.

Without those programs continually being funded, these small communities will not be able to facilitate their economic development needs as well as their water and sewer upgrades that are required. Some 30 years ago, the federal government and state government came into these small communities across this nation, put these systems in at 90 cents on the dollar, and now more and more of the burden is being placed upon the communities themselves, which is fine.

But without some assistance, the programs of improving the water systems and sewer systems for these small rural communities are going to become extremely unbearable. Water rates are going up from 10 and \$15 a month in some of these communities to over 40. And so with everything else that our residents in Southeastern Idaho are dealing with that have to deal with those costs as well.

To give you a direct example on economic development in the way that the USDA rural development programs have worked in Southeastern Idaho, we have just currently funded a project that would create 100s of jobs over the useful life of the facility. We cooperated with the State of Idaho, the Department of Commerce, which Pat is familiar with, and also not -- the USDA Rural Development Direct and Guaranteed Loan Programs, but we were also able to use those moneys and receive a grant from the Economic Development Administration for a health education facility as well as an incubator or a business development center. But as I indicated, over the life of that facility, there will be 100s of jobs created for Southeastern Idaho.

And I would encourage your continued support of the economic development programs in the Farm Bill to assist in the farming communities that lie here in Southeastern Idaho. Thank you.

MR. ANDERSEN: Thank you very much. Sir, please.

MARTY ANDERSON: My subject I'd like to present is on trade policy. My name is Marty Anderson. I'm a marketer, processor, and exporter of dried peas, lentils, chickpeas, and specialty grains. I'm based in Lewiston, Idaho.

As a processor and exporter of pulsed crops, I'm concerned about the ability of U.S. farmers, processors, and exporters to compete in the global market place. Concerning WTO, I've spent many years trading grain and pulses and watching trade negotiations like the WTO. I believe our U.S. negotiators have a responsibility at the level of the playing field and deliver an agreement that allows U.S. agriculture to compete fairly.

The last WTO agreement allowed our competitors of Europe to receive \$5 of domestic support for every \$1 received by our U.S. growers. The last WTO agreement allowed the continued use of export subsidies, state sponsored trading enterprises, extremely high tariffs in developing countries, and weak disciplines on bio-sanitary requirements. The WTO negotiations do not even address currency manipulation by our competitors, which is one of the biggest obstacles we face as U.S. shippers.

I support the current WTO negotiations if the result is an agreement that puts U.S. agricultural on an equal playing field with other countries. In a perfect world, there should be no agricultural subsidies, tariff barriers, bio-sanitary restrictions and currency manipulation.

Unfortunately, we do not live in a perfect world and from the beginning of civilizations, societies have protected their food supplies.

I applaud the President and yourself for aggressively pursuing free trade and fair trade for agricultural products. Bring us a WTO agreement that truly levels the playing field. Anything short of true parity between countries should not be considered.

Marketing Loan Program: Assuming that the WTO negotiations do not achieve parity, I believe it is critical that U.S. producers maintain the Market Loan Program to compete with the restrictions and subsidies in competitor countries.

Concerning Cuba: Cuba imports over 200,000 metric tons of pulses each year, and mostly from Canada. It is my hope that by the next Farm Bill all trade restrictions from Cuba will be dropped and we will be able to compete without government interference.

The MAP and FFD programs, the Market Access Program, Informed Market Development Program have allowed our industry to penetrate new markets around the world. This program should be enhanced in the upcoming Farm Bill.

I'd like to thank you for visiting Idaho and listening to my suggestions.

MR. ANDERSEN: Thank you very much. I watched these two gentleman writing feverishly over here and we may need to alert the office supply store, we're going to need some more paper. Great comments. Let's go over here.

DIANNA HEMMER: I, too, am very pleased about the fact that you're here in Idaho to listen to comments about the Farm Bill. My -- the angle that I have -- my name is Dianna Hemmer. I am the executive director of Southeastern Idaho Community Action Agency. We administer the mutual self help (inaudible due to background noise) program (inaudible) through USDA rural development.

I want to just thank you for that program and let you know based on what we're bringing to that project right now that we're going to be building 20 homes here in Southeastern Idaho, or I should say the families are building 20 homes. I just want you to know I hope you support -- continue to support this program. It's a vital program for those that may be of lower income. They're able to build their own home. They're able to take pride in that project.

And I would encourage you if there's any cuts, of which I hope there is not, that it won't be in that program. It's a very valuable program. It fits in well with HUD as well as, of course, the USDA to build homes in rural communities like ours for people who may not be able to afford a conventional loan.

Basically that's all I want to say is just thank you very much for your support. And I hope you continue to give us that support. Thank you.

MR. ANDERSEN: Thank you. Over to this side.

TAMMY GALLUP: Hi, I'm Tammy Gallup from Eastern Idaho Special Services Agency and I'm addressing question No. 5. Also I work with Mutual Self Help Housing and would like to see the funding continue and even more funding at such a vital program. I would say probably 90 percent of our families could not qualify for a conventional loan.

Some of the contractors in the area feel like it's a competition for Mutual Self Help Housing, but the families could not qualify for enough of a loan to get -- to buy a new home with a conventional mortgage. The mortgage is subsidized and it's -- their payments are tied to their income, so instead of having a \$659 payment, they may have a \$375 payment. So for a very low income family, they're able to get into a home that they would never otherwise be able to get into.

It helps in so many ways: It benefits the community. It helps in the tax base. It helps promote the community. They're workers here that stay here. They don't move anymore. The stability for the family is phenomenal.

In the six years that EISSA's been doing this, we've built -- family's have built 86 homes. We have 16 currently under construction. We're getting ready to start six down here in Blackfoot, so we'll be coming down here soon. Hopefully this fall.

We just hope that they will continue funding this program and not cut it at all. There's -- more funding is needed for this program. I'd like to thank you for coming and listening to it. Thank you.

MR. ANDERSEN: Thank you. Over to this side. Welcome.

BLAINE LOWERY: Thank you. Mr. Chairman, I'm Blaine Lowery, the county commissioner. As I am certain this responsibility -- first of all, I'm a farmer and also a commissioner. I think that rural Idaho really does need the help from the USDA and the office that gives that in many areas for improvement in infrastructure.

As we went through the '97 flood in Bingham County, one of the things that kind of jumped out to me was the fact that when we addressed emergency issues, and I realize I'm crossing the line now here between what used to be (inaudible) and USDA dollars could not be spent on business -- excuse me, if you had businesses in the area, they would look at the actual valuation of property to determine if it was -- needed to be protected.

When we addressed agriculture, it was a non-issue. They wouldn't talk to us about agriculture being, quote, a business. We found that very interesting as far as commissioners because it is a business in Idaho. It's a business in the United States. And whether you put those potatoes in the factory and process them and call it a business, or if you are growing that product ready for processing, in our opinion it's still a business.

And I would like you to address maybe the disparity between government agencies to help alleviate perhaps some of that process in the event of disasters and emergencies that we have. Thank you.

MR. ANDERSEN: Thank you very much. You know, if any of you are freezing up there in the shade, you're more than welcome to come down here in the sun. Please, ma'am.

EDITH STANGER: They're welcome to my chair. I'm Edith Stanger. I'm from Idaho Falls, just up away. I represent several thousand of constituents, but I have to make a brief explanation. We're part of the agricultural community that are stepchildren in that in the 1950s, the USDA in its infancy chose to disband what was referred to as a national (inaudible) board and no longer continue to enroll any kind of equines in statistical materials.

I'm actually here under the auspices of I guess four of the six, and it's already been addressed; primarily the environment and rural development. Rural development in the State of Idaho is tremendous in this day in age.

Fortunately, or unfortunately, depending upon your viewpoint, rural development leads to ever continuing -- it used to be acquisition primarily of our smaller valley floor farms. Now, it's going on up the hill to the ranch -- ranch and cattle industry.

I think what I'm asking for is primarily for the USDA to consider, and this is in light of a number of issues you're facing, including animal identification, to consider re-enrolling, and what the process is I'm not real sure, but even if it can be included in what I hope isn't too late a date, to include horses at least in your statistical gathering.

It would be so helpful on the state level. Our director of the state ag department there would know what we have in our horse trailers. I had to explain that to him last January, remember that Pat? But it's critical that you do that.

I want to also talk very briefly about the gentleman from Utah that spoke about the political situation. Again, being a bit of a maverick, I'm a democrat. I believe that the political atmosphere and climate, not only on the federal but the state and encroaching down to our level is becoming totally unbearable for the people of this nation and untenable. It's not doing anyone any good but to get this Farm Bill through and to address the issues that truly need to be addressed. We can't afford this kind of approach.

Thank you very much.

MR. ANDERSEN: Thank you. Please, welcome.

BRENT RITCHIE: I appreciate the opportunity to address a few remarks to you this afternoon. I'm Brent Ritchie from Rexburg, Idaho. Fourth generation of dairy farmers, probably the very last generation at least on the farm up there.

I'd like to address the U.S. (inaudible) as a global community aspect here. I guess I'm more concerned about the overall big picture. I understand several years ago during the Clinton Administration, Vice President Al Gore attended a national FFA convention in Kansas City and informed the students they are not to go into the agriculture profession. That there's no future in America anymore. That they intended to move all agriculture overseas.

And I think that's -- if you look at the big picture, that seems to be what's happening. We've got these so-called free trade agreements. They're not free. They're heavily regulated. Thousands of pages of regulations that's all slanted against the United States.

We import people, illegal people as well as a lot of their product, but very little of ours is able to go overseas. As just an example, my son works for one of the largest potato farms. Here in this country, they have four farms here in the United States, and one down in Mexico, they're not even allowed to send seed potatoes that they've produced here in the United States down to their farm in Mexico to be planted. It's one-way trade, unfortunately.

A by-product of all these imports, of course, are ballooning. The trade deficit I understand is around \$15 billion dollars per month now. It's eroding the value of our dollar. You see that and increased costs here, gasoline, our fertilizer, all the things we use on a farm. The dollar is becoming worth less and it costs us more to farm here in the United States and receive less for our products.

If this is going to be the plan, more and more trade agreements that favor the other nations, it looks like, you know, we're going to have to degrade ourselves to third world title, the standard of living just in order to compete here. It just doesn't (inaudible)

I'd like to stay that I love agriculture and I'm glad you folks are concerned about it. I hope you can find some way to rectify its problems and keep agricultural strong. Thank you.

MR. ANDERSEN: Thank you very much. Good afternoon.

DIANA COLDWELL: Good afternoon. Welcome to Idaho. I'm pleased that you're here in the state that grows more bean seed than any other state in the nation. And that's whom I'm representing this afternoon. My name is Diana Coldwell (phonetic) and I am the administrator of the Idaho Bean Commission. One of my commissioners would have been here, but as you may have noticed as you travel throughout the state, they're in the middle of bean harvest.

On behalf of the U.S. and Idaho dry bean industry, the Idaho Bean Commission requests funding for the following programs in the 2007 Farm Bill: Specialty crop grants. Commodity crops such as beans have limited focus to develop markets for their products. With specialty crop grant money, the Idaho Bean Commission would not be able to initiate development of a market for the state's dry bean seed in Mexico, or promote the increased use of beans in school and universities food service.

FMD and MAP: This funding is essential if efforts to open new markets or maintain existing oversea markets for beans is to continue. We strongly support continued funding for these valuable programs at the (inaudible) level of \$200 million from MAP and \$34.5 million for FMD.

Bean County Crisp: It took me about three years to learn what County Crisp -- Bean County Crisp was. This program is one of the few sources of federal money dedicated to long-term bean research. Without this funding source, universities will be unable to maintain faculty research positions in plant (inaudible) plant pathology, conservation agricultural, food science, and nutrition, et cetera. These research programs require sustained long-term financial commitments for up to 10 years.

ARS: The bean industry has seen a steady erosion of bean research positions, both within ARS and cooperatively. And ARS funding has also been reduced overall. The Idaho Bean Commission and industries supports maintaining and increasing both ARS general funding and specific earmarking of funding for bean research positions.

In kind food donations for both emergency and non-emergency food aid: The Idaho Bean Commission supports donations of food for U.S. foreign aid programs versus cash only donations as currently supported by the WTO and EU. The bean industry believes that the current food aid program is a highly effective and humanitarian program. Thank you. Safe journey home.

MR. ANDERSEN: Thank you very much. Sir.

STAN FOSTER: Thank you. I just want to first thank you people for being here in Idaho today and giving us a chance to give our comments and concerns and this Listening Session, so thank you for that.

My name is Stan Foster. I'm the executive director for the Idaho Association of Soil Conservation Districts representing 51 conservation districts here in Idaho. I don't know exactly which of the -- I got here a little bit late this afternoon. I didn't get your questions in advance, so I don't know if we have have three comments, or comments to make, and I know they'll fit into some of those questions someplace.

I've been instructed by my board to pass these on to you today. First of all, the 2007 Farm Bill needs to continue offering a strong program of conservation opportunities. Secondly, looking at the agriculture economy with stagnated commodity prices, successive years of drought, increased regulations for water and air quality, dealing with ESA issues, continual increases of production costs inputs -- like equipment, fertilizer, and fuel -- many farmers are finding themselves struggling to survive.

Without some improvements and/or government assistance to help stabilize the agriculture economy, we feel like many producers may be unable to participate in Farm Bill Programs when 2007 comes around with the exception of possibly the Conservation Security Program.

There is a need to improve the farm/ranch income net. And we believe the U.S. foreign policy needs to be developed to address the future of agriculture in America.

Another comment on energy conservation. And several others have mentioned this previously, there needs to be more emphasis put on the development of a program to utilize alternative fuel -- sources of fuel. Bio-fuels such as bio-diesel, vegetable oil fuel systems should be explored and encouraged in the new Farm Bill.

These new systems would help to reduce our dependency on foreign oil. They would also give our farmers additional crops they could put into the rotation potential to improve the conservation program and it would also give them a chance to increase their net. Thank you, again.

MR. ANDERSEN: Thank you very much. Please.

DALE DIXON: Good afternoon, Mr. Undersecretary. My name is Dale Dixon and I am the executive director for Idaho's Rural Development Council. We call it the Idaho Rural Partnership. Welcome to Idaho. And I come from Greenleaf, Idaho. I grew up on a farm there. That's where my dad and brother are right now back. In fact, we farm right next to Mr. Takasugi, so a long history in this state.

But I'm both humbled and excited to be part of Idaho's long history of partnership and collaboration in support of rural Idaho. And we are grateful to our congressional delegation, including Senator Larry Craig, who played an important role in authorizing the partnership of the 2002 Farm Bill.

The Farm Bill and Governor Kempthorne's executive order continues a strong spirit of working together to accomplish great things for rural Idaho. And I'd like to spend just a moment talking about rural economic growth. The stakeholders around this table we call the Idaho Rural Partnership are actively involved. In fact, Director Takasugi, Mike Field, who's the state director for USDA RD., Mike Hammon with FSA, and Bingham County Commissioner Harold Hemington are all here in the audience today and are members of the Idaho Rural Partnership Board of Directors and they are very active in the process. They are -- all of our members are truly vested in the partnership along with our private, local, state and federal representatives.

And I want to recognize the people because it truly is the people working together, joining resources who are able to address the challenges facing our neighbors throughout rural Idaho. In fact, 88 percent of Idaho is rural. Much of that land is federally owned. The profile of rural Idaho, which is a joint project of the Idaho Rural Partnership with our partners, sums up the issue. Growing urban populations are seeking to use rural resources for multiple purposes other than those that have sustained rural economies in the past. Discussions continue about how to give rural Idahoans a greater voice in managing the state's abundant public lands.

One of our partners, Idaho's Counties, is actively involved in the process of making recommendations to Governor Kempthorne regarding roadless designation in Idaho's wilderness areas.

However, we must foster the evolutionary process. It will keep agricultural and natural resource based industries, vital parts of this economy, and a way of life for so many who call rural Idaho home. That's why partnership between the Idaho National Laboratory, and ag, and natural resource groups is critical.

New technologies, and crop production, domestic energy creations, and bio-technologies can easily vibrate from the Laboratory just north of here to fields throughout the state.

We ask USDA to continue its tradition of supporting these types of collaborations. Please reauthorize the National Rural Development Partnership language, and we ask for USDA to support funding for the partnership through an appropriation.

Thank you for your time.

MR. ANDERSEN: Thank you very much. Please. Welcome.

HARRY NEILMAN: Mr. Secretary, thank you for the opportunity to meet us and hear our thoughts as we prepare to address the contents of the next Farm Bill. My name is Harry Neilman (phonetic) and I'm a third generation farmer from Rupert, Idaho. I presently serve as president of the Idaho Sugar Beet Grower's Association.

Idaho's the nation's second largest producer of sugar beets and through our own company supplies over 10 percent of the nation's sugar beets. I would like to focus my comments on a talk of -- foreign policy to be designed to maximize U.S. competitiveness that our company's ability to effectively compete in global markets, and how this relates specifically to our sugar industry.

Idaho and U.S. sugar producers are very efficient by world standards. But unlike many other commodities, our product is import sensitive throughout the export system. Also unlike other American farmers, we are lined up behind subsidized foreign producers to supply our own market. Existing trade agreements guarantee access to our foreign producers. Whether we need the sugar or not, meet supply, whatever market is left.

Governments of all foreign sugar producing countries intervene in their production, consumption and trade as sugar. This makes sugar one of the most heavily subsidized and distorted markets in the world. The world dump market for sugar bears no relationship to the actual global supply and demand conditions. Therefore, it is essential that we have a sugar program that effectively responds to predatory trade practices of other nations.

U.S. sugar policies have been designed to operate at no cost to the U.S. taxpayers. We derive all of our income from the market place and receive no income support from the

government when market prices fall. The policy operates under the (inaudible) three of Economics 101; balance of supply and demand.

Rebate tools are used to operate the (inaudible) tariff rate quotas, No. 2, marketing allotments, and No. 3, non-reforcible payments.

When properly managed, the U.S. sugar policy is working. The policy supplies U.S. consumers with a basic food staple at affordable prices. In other devout countries, consumers pay on the average of 30 percent more for their sugar than American consumers do.

The policy operates at no cost to U.S. taxpayers. Over the past 15 years, the government outweighs for other commodity programs that total 215 billion dollars. The government net revenues from sugar policy (inaudible) have brought in 110 million dollars.

The policy provides a stable market for U.S. sugar producers and addresses the threat of subsidized foreign product unfairly flooding our market. The U.S. sugar policy is working. The U.S. consumers and taxpayers are giving the American sugar producers the opportunity to survive and compete in the world of highly subsidized foreign sugar producers.

The successful no-cost sugar policy would be allowed to supply and should be included in the next Farm Bill. Thank you for coming here to listen to our positions.

MR. ANDERSEN: Thank you very much. Before we hear our next comment, let's give you a little heads up. Let's go through these last five and then we'll take a quick 10-minute break, allow you to get a drink of water, maybe just exercise those sitters a little bit. So let's go through these last five and then we'll take a 10-minute break. Sir.

CLAREN COPELIN: Undersecretary Rey, thanks for coming. Pat, good to see you as usual. My name Claren Copelin (phonetic) from American Falls, Idaho. I farm with my brother on a family farm at American Falls. We raise potatoes, sugar beets, corn, and wheat, barley, a few peas. Anyway, we're well diversified amongst -- in the area that we live.

I'll quickly go through the points that I've put together. I'm also the past president of the Potato Growers of Idaho, as well as on the board of directors of the National Potato Council, so obviously potatoes are very important to us along with wheat, and sugar beets, and all the rest of them.

On the first -- your first question, Undersecretary Rey, unfortunately, I'm afraid consolidation and dissolution of farms are consistent with American agriculture and have been for the last 150 years. I think if we look back at the history from the mega-farms in the late 1800s and 1900s to today, it's a continual liquid involving environment that is controlled somewhat by the U.S. government, but mostly by economics.

And I believe the best way that you can help all young farmers as well as agricultural America is to make sure that there's realistic low interest loans for these young people to be able to qualify for, and when I say realistic, I don't believe \$10 or \$15 or \$20,000. We're talking \$100s of thousands of dollars as well as potential tax breaks for farmers that wish to go that direction with their farming operation.

On the second question I believe transportation is the largest issue that we have in rural America. And as a -- you know, appointed, it raise -- it costs us about \$6 to raise 100 pounds of potatoes and it's right now costing us \$12.50 to get them to our largest market.

Now, we can overcome that with value-added here at the local level and that can be addressed in, you know, how can you help rural areas. I think grants for value added products that are meaningful, and, again, when I say meaningful, I mean dollars that you can actually do something with and enough that you can get them done.

Whether that be administered through the State Department of Agriculture, which would be a good way to do it, or through the local FSA office, which I might add is your most efficient system that the U.S. government has not only in the USDA, but in all of government.

And no matter what program we put together here, if we don't have any way to get it back to the rural America and back to the farmer, it doesn't do us or you any good.

The transportation, we wired rural America and there was a big effort there, but I've got to be able to push a button and get 100 of pounds of potatoes to New York. It takes real fuel and real transportation and diesel's expensive, but if we can go back to \$1.20 diesel, which wasn't that long ago, or \$1.00 diesel where everybody thought it was real cheap, it was still an \$8.50 ride to New York.

So without infrastructure or law changes where we can go to bigger trucks -- and homogenize all the laws within the state on the federal highways, just that in itself, something as simple as that, would create some competitiveness and some efficiencies in the system that we have, but we need a tremendous amount of money put into that, and we need it now. Our railroads are absolutely critical with obviously monopolizing power from one end of the country to the other.

I see really no reason for them to get any better. So far a lot of their solutions have been decrease the service and you do that by increasing the price, and so the problem takes care of itself. You try to get them some place else. FedEx is looking pretty good right now.

Also --

MR. ANDERSEN: If we could get you to try to wrap it up here real quickly.

CLAREN COPELIN: Yes. On -- to distribute the multiple crop insurance, RMA's a very good program needed in the United States, but I believe we can better administer the RMA through the FSA within the USDA government. I believe it would be more efficient. It would be available to more people as well as more people would use it, and I believe there would be less fraud creeping into the system than we have with the private insurance companies.

Those are basically it, other than block grants administered through the State Department of Agriculture, are very effective and work very well. Thank you.

MR. ANDERSEN: Thank you very much. Over here to this side. Welcome.

RON CRESS: Welcome. All I know is sitting over here waiting to use the mike is a lot more uncomfortable than sitting at the stands or I'm sure even for you people, so it was a real hot seat.

I think everything that I've wanted to say has already probably been said. My name is Ron Cress. I'm from Rockland, Idaho, American Falls. We are a third generation farmer. My grandad homesteaded in the Rockland Valley, and I am concerned about trying to maintain the farm so that my son, who has an ag engineering degree at the University of Idaho, can maintain. He does most of the work now, but we just have a heck of a time farming on \$3 wheat.

We appreciate our USDA Department. We think that they're invaluable. We try to take advantage of all that they have available to us and we are educated people. We try to understand where the program moneys are, but still for us we had one of the greatest crops we've ever had this past fall, and we think that we're awfully good farmers today.

A year from now without any moisture to seed into this fall, we might not be nearly as important a farmer. We've suffered through drought years that is -- three years down the road, that there's more money in the insurance program and drought programs than there is in raising a good crop right now.

And I remember back when I was a youngster just learning to drive the combine, my grandad would come and ride with me and he was the -- loved -- a follower of FDR, and maybe the LDP programs and the others will take the place of the loan program, but I am still convinced that the loan program sets the basis for the market price of wheat.

You say, well, the government doesn't want to be wheat buyers. I can see that and I can understand that, but I still think that that market price is going to follow that loan price and wherever it's at, it's going to be very near me.

We saw cattle reach an all time high this last year. We raise cattle. We saw the Canadian border open back up and what happened to the cow price, but it hasn't fallen to pieces, but it's certainly come down. And we're going to -- we're going to sell on a depressed market this fall, and we would just like to hope that you can figure something out to make us competitive in the world, whether it's market-wise or whether it's support-wise, but that price of wheat has to get up more than where it has been the last two or three years. Thank you.

MR. ANDERSEN: Thank you very much. Sir, you're up.

EVAN HAYES: I haven't been called sir in a long time. Mr. Secretary, Mr. Takasugi, thank you for coming down today. My name is Evan Hayes. I'm a barley producer. I farm in Soda Springs, Idaho, but today -- and I apologize for wearing my hat, but the sun is hot on bald heads. Today I wear several hats; not only am I a producer of barley, but I'm an Idaho barley commissioner and I'm president of the National Barley Grower's Association.

We've been hearing some pretty good stories today, and some success stories of the 2002 Farm Bill. I'm sorry. I cannot give you that same success story. We have a very real and very serious concern that barley can remain a competitive crop in the United States. These charts will bear out this concern. USDA is now estimating the 2005 harvest acres at just under 3.5 million bushels. The lowest since 1890, when U.S.D.A began recording acreage statistics.

U.S. barley production is now pegged by USDA to be about 228 million bushels. The lowest production since 1952.

We believe this sharp reduction in U.S. barley acreage and output can be directly attributed to inequities in the current federal farm program that favor competing program crops grown in the traditional U.S. barley regions, particularly wheat, corn, and soy beans.

I would like to take this brief time today to address the question you posed on how farm policy should be designated to maximum U.S. competitiveness because that is the most presenting -- pressing issue facing U.S. barley industry today.

I am submitting more detail, written testimony that addresses the other major questions you have raised concerning future U.S. foreign policy. Let me also state that on the onset that because of our declining production, U.S. barley has lost foreign markets over the past 20 years and we face the prospect of increasing imports.

We do not see the situation turning around until the domestic competitive issues can be addressed. Why is the U.S. losing this competitive edge in barley production? The primary reasons are, one, lower farm program benefits compared to other crops with which barley competes for acreage. No. 2, insufficient risk management tools in production areas that suffer from multi-year weather related crop losses. And three, the monolithic pricing practices of the Canadian wheat board, which is a North American competitor that has not experienced similar declines in barley acreage.

First, barley needs to have a more level playing field than the U.S. program; specifically the barley support system. Whether it becomes more decoupled or not must be comparable to corn, the principle feed grain. Second, we need better risk management processes that will adequately address multi-year losses as well as provide a safety net for the high deductibles that we face under current federal crop insurances. Currently we have a barley risk-management task force working hand in hand with the risk management agency to innovate ways to address these challenges.

Third, we need a flexible safety net that will help offset sharp rate and input costs that can either be absorbed, not depress market prices, or passed along to the market place. We strongly recommend that the administration of Congress immediately investigate a tax credit that can immediately address rising energy costs.

You are certainly familiar with the rising fuel and fertilizer costs that must fit into our already tight budgets. Allow me to share some of my own numbers. This year I have seen a 70 percent increase in fertilizer costs. A 30 to 50 percent increase in farm diesel fuel costs. Now, this is my tractor costs. And a nearly 90 percent increase in diesel costs to haul my crops to market, my truck fuel.

For comparison, my multi-barley contract price fell four to 10 percent this year due to oversupply. These rapid escalating costs and sluggish markets will certainly wipe out any farm crop profits for the foreseeable future.

I appreciate the opportunity to visit with you for a few minutes. I would certainly answer any questions that you have at this time.

MR. ANDERSEN: Thank you very much for your comments. Welcome.

KEN EASTEFF: Mr. Undersecretary, Mr. Takasugi, thank you for being here. My name is Ken Easteff. (Phonetic) I'm a farmer and a rancher from Power County. I'm also a county commissioner. And I have a couple of points just to bring out some information on Idaho, but first of all the ag program I think is the only stabilizing effect that agricultural has to compete. We're going to a world economy admittedly, but all countries aren't treating agricultural equally, and the only thing that can stand between that, whether it be with chemicals or with pure cash is the government.

Another issue, which can be either good or bad depending on who you talk to is the Conservation Reserve Program. I can tell you, Power County is the largest, has the most acres in the Conservation Reserve Program in the state. And just a few facts on it. One is that it has done, what started out to be a heck of a job cleaning up the water and holding the soil in place.

But the other parts that the county commissioners had is in Idaho we have what they call a cash flow type tax on agricultural land. Now, what that means is that right now it's being taxed like farm ground raising grain anywhere in the area in the county in the state. If, as I understand it, that the farm program payments have been lost in the last signup with CRP, that ground I'm very confident will never be farmed again.

If the program goes away totally that means in the county standpoint, you're going to see as an example \$300 dry land farm land go to \$25 to \$30 dry land -- or dry land grazing land, and the taxes will be accordingly. It's going to be anywhere from a 75 to 90 percent decrease, and that's just following state code the way it is. And so please, please review that.

One other one, and most of it's been hit on, but I know for me and I think for most of my fellow farmers in Power County, we count very much on our FSA and our NRCS to help us move through the programs and move through the troughs. And I know the trendy thing right now is downsizing the government, but they can only be cut so much and provide the services that I always thought government had the responsibility to provide. There's a fine line there.

And as was mentioned on the city water systems, or the sewer systems, and that, they are very important. They make the difference in Idaho whether or not if a lot of it gets done. It's hard to say because you've got 33 percent of our population is in Canyon and Dade County, which is fine. And their economies are really booming and, you know, probably from Power County I'm only envious, but remember there's about another 35 counties that don't have the same situation. Thank you.

MR. ANDERSEN: Thank you. I want to go ahead and use a football analogy. We are at the proverbial two minute warning, so you have the final comment and after this we'll take a 10 minute break.

RAY BUTTERS: Mr. Secretary, Ray Butters, Weston, Idaho. I farm 90 miles south of here with my wife and four children. We're extraordinarily grateful to you that you're conducting this session, but first I would to address all six questions. I have 12 comments that hopefully you will find applicable.

Decades and decades ago, the first Farm Bills were written with the goals of food security and land stewardship as priorities. Unfortunately, Americans learned some hard lessons during the Dust Bowl Era and the soup lines of the 1930s. In fact, the administrative arm and offices were appropriately named Agriculture Stabilization and Conservation Service.

These days stewardship of the land is still just as important. Meanwhile the threats to our ability to feed ourselves and to assure the security of our food and fiber supplies and storage have increased exponentially. The 2002 Farm Bill, though it has some weaknesses, is probably the best Farm Bill we've had for a long time.

America can better protect these critical production assets and economies through the following improvements to existing Farm Programs. First, direct support to rural America. Policy and program stability is critical. Second, don't limit the support to young beginning farmers just because he and his father work together under a partnership or other name. They're still a family farm.

Third, historical base means a fair -- is a fair means of distribution. Fourth, direct vouchers for the purchase of insurance for crops and/or crop revenue. Fifth, risk management

accounts will wisely encourage farmers to set capital aside matched by the USDA to help cover the uninsured or underinsured portion of crop and crop revenue.

Six, establish food security incentives for storage at the farm gate. Seven, balance the loan rate between crops. Eight, continue the add-on conservation security program. Nine, role the administration of NRCS into FSA. Ten, promote the safety, logic, and health benefits that bio-technology can bring to the world's consumers.

Eleven, free trade must mean fair trade; equal, open access. For a country that controls 80 percent of the world's orange juice and nearly a third of most all other commodities really be considered a developing country, and, therefore, limit U.S. access to their markets while they undercut ours? Finally, 12, food fiber transportation. The best way to do this is to increase truck stability to efficiently haul food and fiber to the markets.

As you well know, the dollar multiplier effect and federal support is at its greatest in rural America. Don't bend a certain media or other (inaudible) who don't have the best interest of America, her people, and her bread basket in mind. Thank you. Two minutes.

MR. ANDERSEN: Thank you very much. Again, let's go and take a 10-minute break. Stay hydrated. Stay cool. Stay in the shade. Walk around a little bit. We'll see you back here in 10 minutes. And please come back. Again, we look forward to another group of questioners. Thank you.

(Recess)

MR. ANDERSEN: We welcome you back, and appreciate those and look forward to hearing from the remainder of you. I want to go over a couple of ground rules for those of you that were not here this morning. Again, we're limiting comments to three minutes per person. I have a little street light placed up here on the stand. When it hits yellow, you have one minute remaining. I want to try to keep the flow going here relative to your comments.

And again, we have a distinguished guest today, Under Secretary of Agriculture, Mark Rey, and also the State Director of Agricultural, Pat Takasugi. And, again, all of you who are actually the stars of the show. We look forward to hearing from you and your comments. Again, noting that that will be included in testimony published in the federal register. Those of you that do not have the opportunity or do not take the opportunity to make your comments known today, you can also submit those at USDA dot gov. There's a link on there for forum comments. You can submit your comments there, so if you think of something on the way home, or if your wife reminds you of something, or one of your employees, you can go ahead and submit those comments in that place.

So with that being said, let's go ahead and have our first commenter. I'll turn the time over to you.

KIM GOODMAN: Hello, Mr. Undersecretary Rey and Mr. Takasugi. Thank you for joining us here in Eastern Idaho. I am pleased to represent Trout Unlimited's name. My name is Kim Goodman. I was raised in Pocatello and I currently work out of Idaho Falls.

Trout Unlimited has over 2000 members in Idaho that support conservation, cold water fisheries, habitat, (inaudible) projects in Idaho. As agriculture is the back bone of Eastern Idaho, water is the common denominator versus stability throughout our state.

I'd like to address the fourth question on how we can best address conservation goals through the Farm Bill 2007. Trout Unlimited has worked with many farmers and ranchers throughout Eastern Idaho and central Idaho through EQIP, WIP, and continuous CRP. In addition, other conservation groups have successfully used FRPP and GRP.

I'd like to address a few ways Idaho can benefit from the conservation measures in the next Farm Bill. First, in the ground and surface water conservation program, we'd like to see a requirement increasing stream flows in lands using those programs. Second, increase incentive programs, like the Conservation Security Program, and also add enhancement of in-stream flows conservation practice.

Third, remove the inability of leasing water rights either permanently or temporarily in the easement programs to give farm and ranch land protection program. Fourth, under the Conservation Reserve Program, please allow access -- allow access water to be returned to streams to benefit aquatic species.

Fifth, please allow further flexibility with the Farm and Ranch Land Protection Program, from MAP Program in counties -- for counties and land trusts. Currently which allows a 50/50 match in private entities -- if private entities raise half the funding within -- with the cost of land and the lack of state-wide funding, in states like Idaho, we've been able to use very little of this funding.

Six, add adjacent land and streams and rivers, or -- add adjacent land to streams and rivers to qualify land under EQIP. This would add a lot of flexibility within conservation group's abilities to use EQIP funding throughout the state.

And, seventh, please allow the Grass Land's Reserve Program to become more available in the State of Idaho. As you might be familiar, in the State of Idaho over the last two years, there has only been about a one-tenth funding of projects in the State of Idaho, and there are so many farmers and ranchers throughout the state who really would be able to benefit from the use of Grass Land's Reserve Program.

And, finally, on a personal note, my husband and I are investors in a bio-diesel coop in Driggs, Idaho. And right now bio-diesel is 20 cents cheaper than normal petrol diesel. And the Farm Bill would be a great place to add extra incentives for buying diesel throughout the U.S. Thank you very much and thank you for coming today.

MR. ANDERSEN: Thank you very much. By the way, there's been a rumor flowing around that these seats are actually hot. That's not true. There's a nice breeze down here, so those of you that are ready to bring comments can come down here to either of our microphones. We've got some chairs lined up, if there's somebody ahead of you.

And, again, Kim did it perfectly without my even prodding. If you'll state your name, your city and state, and who you're representing and maybe what question you're responding to that would also be a big help for those who are listening up here.

Again, do we have another person ready to comment? We would invite the rest of you that are waiting up there that are wondering if you should say something because you're thinking something, to come down and do so. Please.

KEITH ESPLIN: Thank you. I'm Keith Esplin from Blackfoot, Idaho. I'm the executive director for the Potato Growers of Idaho. I think we're the only state-wide farm organization located here and I'd like to welcome you to Blackfoot.

There are several things I would like to mention. I'll go through them fairly quickly. One thing concerning conservation, we believe that EQIP funds can be used to provide incentives for growers -- more of crop land growers to adopt more environmental friendly practices.

We developed an integrated pest management program, and feel that if growers can receive some funding to encourage better practices, longer rotations, (unclear), and other ways of integrated pest management, it would be a wider adoption. But also it should be used as a way to encourage growers to prepare for the Conservation Security Program.

Other issues that are important to us in the potato industry, we want to maintain the fruit and vegetable exclusion on program crop land (inaudible) a fair advantage for growers to be paid payments for other crops while they're planting potatoes. We -- the marketing program, or -- funding program reports to MAP, but I would also like to see some money for domestic marketing especially for commodities that are competing with imports.

We also feel that specialty crop grants that are given at the state level especially helps minor crops to compete. It helps those crop out -- or growers out that have not been benefited by past Farm Bill programs. We support the sugar program. Many of our growers are sugar producers. If that land were to be removed from sugar beet production, much of it could go into potato production and cause a surplus in that area.

Federal crop insurance is important in the industry. There needs to be some improvements. We are -- we do have concerns with the adjusted gross revenue pilots. I wanted to make sure that those aren't market (inaudible), but also feel that they need to be -- more growers should have access to them if we're going to be an ongoing private program.

We are concerned about the fuel prices. One grower called me this morning and wanted me to say that it's at same as cooperate looting that's going on right now. The amount of money that will be taken out of rural America because of the high fuel prices. Energy issues are important. Increase incentives for bio-diesel or other ethanol issues that would be important to the agricultural industry.

We do favor a country of origin and labeling. In fact, the potato industry in Idaho label all of our potatoes from Idaho, but not all of us do that. Recently we received help under the Trade Adjustment Assistance Program, TAA, that has been beneficial, especially in providing educational benefits to our producers. There are some things that need to be improved, such as not using income tax records to prove profitability and then some other import issues on that.

And then -- and then on trade issues we also mention, as others have, fair and equitable trade is important. And finally, research. We need to maintain our research programs so that the U.S. can be stay competitive. Oh, and finally, the president of the National Potato Council is from Idaho, Dan Moss. He couldn't make it today. He's in harvest. He wanted me to mention that funding homeland security to be able to adequately inspect importing of vegetables is very important to keep pests out of the country. Thank you very much.

MR. ANDERSEN: Thank you. Anybody else? There's a lot of issues out there. I don't think they have all the input they need for this Farm Bill. We realize that a lot of the growers and the producers are out there actually in the field, so those of you that we representing those organizations, we appreciate your comments and your input.

I leave it open for anybody out there that's got comments they want to make. Any? It's not an option. I'm not going to start counting it down, so. Anybody else have anything to say?

This is a long way for the Secretary to come from Washington. If we have his ear, we can bend it just a little bit more. Anybody want to make a second comment? Here we go. Thank you very much. Please.

WILLIAM POVEY: What do you want me to do, tell who I am.

MR. ANDERSEN: Name, city.

WILLIAM POVEY: Okay. My name is William Povey. I'm from American Falls and I'm a farmer from down there, and I need to know if and when the leading of the farm (inaudible) when the American farm is going to cease. You put NAFTA in, and I can't imagine one person wanting CAFTA in here after our experience with NAFTA. I lost more money in raising potatoes by starting in '95. NAFTA was put in right then, and I lost enough money that will take me 20 years to recover from that.

CAFTA -- I don't know what it's going to do, but I have the same feeling. I'm a sugar beet farmer. I'd kind of like to stay in business. I've got some young boys who would like to farm. I don't know whether to tell them, let's get done with this and get it or what. And I don't know if anybody's said this, we just got here. One bushel of wheat for one gallon of fuel.

I started in 1975. I got \$4.30 out of my wheat and I can't get \$2.75 out of it today. I don't know where America figures we're going with this. Pretty soon we're all going to be broke or it's going to be corporate farmers. And I can guarantee you that they're not going to pay as much attention to the land as environmentalists want as what we do to actually see what's going on here.

And the bottom line is what they worry about. They don't care about the land or what they keep in production or how good it is. And I think environmentalists ought to be on our side trying to figure out how to keep these things going. And I don't have any faith in the government right now with things I see going on. And I realize that we're in a world economy, but textile is gone. Steel is gone. You name it, this country doesn't do a dang thing. I go in to buy bearings the other day and where do they come from? China. I can tell you, those bearings are going to be out of my harvest or halfway through harvest because they're not good stuff.

There's no American companies left. We're to the point now I understand in November the trade deficit in agriculture went flip flop. Forced them -- more money on foreign food than what we produce on the outside. And I'm not real sure that if the USDA doesn't come up with some good farm program this time, that this country is going to have some big problems here and I really hate to see this.

And the sugar deal, you know, we kind of -- we said we'd quit dumping sugar on the government if they would keep the low level and price where we could make some money. This thing (inaudible) for two or three years now. We're barely making enough money to even keep going. I mean, look at the price and stuff that's going on. If I paid my people what most of these foreign countries are paying, I'd be going to jail.

And I just -- I don't know where the end of this thing is and I just hope we can survive, but I think the 2007 Farm Bill can be a very important thing to keep America alive in agriculture and we need to work together.

MR. ANDERSEN: Thank you very much. Anybody else. I'll take this opportunity to just kind of -- while I have the microphone, as a former congressional staff, while those of you who are ready to make comments, please come down and you can sit in the chair and I'll turn the

microphone over as soon as you come down, but often times before we can get to the point of developing policy, we look for facts, but I'll tell you in order to move people to action it takes stories.

It's environments like this that allow you the opportunity to come down and share your personal stories. Those things that you see day in and day out so that those can be crafted to that policy to make your life better.

Again, we open it up. An opportunity for you to make comments again on the Farm Bill. Good afternoon.

NANCY ESCHIEF MURILLO: Good afternoon. On behalf of the Shoshone-Bannock Tribes of Fort Hall, Idaho, I am pleased to present these comments on the 2007 Farm Bill. I'm Nancy Eschief Murillo, Vice Chairwoman of the Shoshone-Bannock Tribes, and we thank you for this time.

We are the largest Indian Tribe in Idaho. Currently the membership is approximately 5000 enrolled members with an additional 3000 non-members who reside on our reservation. We are located about just a few miles outside of Blackfoot, Idaho.

The Fort Hall Reservation has a current land base of 547,000 acres of land which is 97 percent tribally and individually owned by Indian Tribal members. Our peace treaty was signed with the federal government at Fort Bridger, on July 3rd, 1868. It also established the trust responsibility buying between the United States federal government and its agency such as the U.S. Department of Agriculture.

We believe new farmers and ranchers -- we believe there should be a mandatory 90 percent cost share rate for beginning farmers and ranchers. Congress allows up to 90 percent, however, the agency -- the USDA agency decides whether or not to do the 90 percent. We believe it should be mandatory.

The farm policy can achieve conservation and environmental goals by recognizing all federal political boundaries inclusive of Indian Reservations boundaries. Most of the state and county boundary lines are used. We would like to have it seen on our reservation the reservation boundary line.

Producers in one part of the reservation can participate in programs while producers in another part of the reservation cannot because they're in a different county. They already hit their ceiling. We believe that all tribal producers should receive 90 percent cost share for the following reasons: The tribal producers have been traditionally an undeserved population. USDA has only received -- recently taken the initiative to inform the Tribal producers about the programs and eligibility. The Shoshone-Bannock Reservation is a traditionally low income area with a high unemployment rate of approximately 52 percent.

Conservation contracts should allow for inflation. Recently the prices of irrigation systems have increased dramatically. We farm over 100,000 and some odd acres of land that's (inaudible) Tribal producers. Because of this, some producers that have contracted at the 75 percent cost share rate still cannot afford to install the system because of the increases.

The Shoshone-Bannock Tribe believe that the income amount for limited resource producers is way too low. A producer can exceed the limited resource guidelines and still not have enough money to install environmental conservation on their ground even with a 50 or 70 percent cost share rate. We feel that mandatory 90 percent share should be here.

The Conservation Reserve Program should be renewed at the higher rate, rental rate should be given for wildlife and a resource enhancements. We realize that extra points are given.

Under the Conservation Reserve Program alfalfa should be considered a crop. When deciding on control burns and other fire reduction practices, the U.S.D.A as a trustee for the Shoshone-Bannock Tribe should closely consult with Indian Tribes. Many of the plants that are disturbed are culturally significant to our members. Tribal members that harvest and use culturally significant plants are also agricultural producers.

Funds need to be allocated to Tribes for training and implementing wildland fire control protection and mitigation on Indian Reservations.

The amount of money in the Rural Development Grant System for Indian Tribes needs to be increased. The Shoshone-Bannock Tribes believe that more research should be conducted on ground water issues concerning contamination by farm and ranch chemicals and the mining industry.

Currently the Tribe is seeking \$3 million to continue construction of a community water system. The need for safe drinking water has reached a crisis stage on our Reservation. The Reservation with a population of 8,000 Indian and non-Indians is contaminated by EDB, ethylene dibromide. We've received appropriations from Congress in the past and USDA Indian Health Service (inaudible due to background noise) but we cannot continue to piece meal this operation. With the high cost of oil, the barrel the increase can only produce so much water.

So what I'm (inaudible) we need initial moneys for these programs with grants or a loan. And we did ask the Congress to (inaudible) We expect that if we have to piece line, (inaudible) 20 years to complete the water line. No American should have to wait for safe drinking water.

I appreciate your time. Thank you.

MR. ANDERSEN: Thank you very much. Please.

UNIDENTIFIED SPEAKER: Thank you for the opportunity, Mr. Rey. Yeah, I'm a farmer. I farm north of here in the Idaho Falls area. What I'd like to talk about is the cost of fuel. You know, we buy -- our fuel has gone up, everything we buy is associated with a fuel surcharge.

The government somehow, you know, with the big grain companies, could we ask them, you know, in a nice way, to help us out with, you know, an extra bit of money for our wheat? You know, wheat is so low, and then if you have is a little bit of a protein loss, you know, you get paid per quarter, you know, one point down is 88 cents you get knocked off (inaudible) for the \$3 you get in the first place, but with that the farmer is really farming for nothing. He's out there working and spending money and he's actually getting nothing.

You know, it's just a tragic situation. Our children, they don't want to go back into the farm. The don't want to be farmers. We're losing all our small farmers, Mr. Rey.

Another thing I see is we appreciate the help from the government and the subsidies available, but what's happening it's going over the small farmer's head. It's going into the hands of the big corporate farmers. The farmers that have outside income, they're taking over farms nowadays. And they don't -- their sole income isn't from agricultural, isn't from farming.

That's what I see is a sad thing that's happening in this agriculture industry. We're getting -- it's getting just to be a few big corporate farms surrounding in our area nowadays. They're farming 10, 20 thousand acre farms. They're just eating up the little guys, and yet they're getting the bulk of the farm subsidies that's meant to help the small farmers stay in business.

You know, that needs to be looked at. You know, to curb that subsidy trying to help the farmers, to go into the hands of the farmers who really need it.

And I just -- that's all I have to say other than what you -- I second and agree with about everything that's been said, and I appreciate the opportunity that you came to listen to the farmers here. I appreciate it.

MR. ANDERSEN: Thank you very much. You're up.

WAYNE KENDALL: Thank you, gentlemen, ladies and gentlemen. My name is Wayne Kendall. I live over in Aberdeen across the lake. My son is (inaudible due to background noise) now manage our family farm, which is a pretty sizeable operation. They love it. It's their heart and their life, but they know that (inaudible) continues (inaudible) Aberdeen and that is the concern that I have today, above and beyond that.

I haven't heard anybody say today get up here and say let's have less programs. Let's do more. And it's my opinion that doing more and more is what's causing more and more of the problems in our country. They give away programs we've had in our trade policies. Our trade policies create more programs. And I don't know how we get away from that concept, but I spent six years down in the legislature in Boise and I got to know Mr. Takasugi pretty well and I was on the ag committee and we seen him often, and after six years he said, "Wayne, how come you hate us people in the ag department so bad?" I said, "I don't hate anybody in the department (inaudible) particularly, but I hate government programs."

And that is part of what everybody is discussing today, is that everything we do and everything that goes on, there's another need for another agency. We're going to (inaudible) what the heck went wrong down in New Orleans and that will probably still be in place many years from now.

But anyway, something else -- just a few ideas that hit my mind. Twenty years ago I was reading one of the top Life Magazines and it said top economists have determined that the time has now come for America to become the high tech exporter. Turn the Third World -- turn the basic industry over to the Third World masons. And if we haven't been going down that road at 90 miles an hour, I don't know what we've been doing.

And down in Boise I would go to the ag committee, and I kept complaining what NAFTA is doing to us, so they had a couple people come in from different agencies and talk to us. And they said, well, at the beginning of NAFTA, we knew there'd be winners and we knew there would be losers. Well, I think by in large here, the family farm of America have been the losers, bit by bit. Around my area the smaller farmers are being gobbled up by the bigger farmers, and I have a question where their finances come from? I don't think it's the local bank. And eventually I think the bigger farmer is going to find himself not only in the property of working with the people that they're borrowing money from. That's what I figure our nation -- we're going to lose that common sense of identity and reality that the American people to have and hold, and hold everything.

So as far as our family, we worked, I worked hard. We built a pretty good size, that's the reason our son and our son-in-laws have expanded that, but I sometimes wonder if we're really

doing our kids a favor by leaving them a farm to farm. We've been growing potatoes and (inaudible) crop potatoes for the last -- ever since NAFTA. I don't know that we've had three years where we've had a crop on potatoes. Most years we were growing them for \$5 and selling them for 3.

My son said, dad, it costs us \$3 million bucks to grow potatoes in the last eight years. Well, what are you going to grow to compensate for that, barley, beets? Beets, we even mentioned that to the president of the Beet Growers Association, I don't know of anything that's in the balance that could hurt Idaho worse than CAFTA, and turning open donations to the world of our sugar -- our sugar base.

Well, I better quit, but I would just say to you people back in Washington, like one of the comments that was made, I watch Congress on the TV quite a bit, and some of these judicial hearings, and I'm looking forward to this new appointment for the supreme court -- my bottom line conclusion of all that was, if you're fully qualified for the job, there is no way you can be selected. It just seems like that's the way things work in Washington.

I think the American people are getting disgusted with all the complaining between the two parties, and it's been my conclusion that if the minority party, whichever one it is, would rather see our government fail than to have the majority succeed, and I don't care who's in office.

So I think we need to take a look at what's going on back there and whose interest are being served and hopefully -- hopefully big money is not having much to say about what's goes on in government (inaudible) and I don't know where that red light is. It's probably about burned out. Well, it won't do that (inaudible) some help here.

But anyway, gentlemen, I'm proud to be a farmer. I'm proud of our nation and our lands, but we're not living up to the potential we have, and more government is not the solution. Thank you.

MR. ANDERSEN: Thank you very much. Good afternoon.

ANDY POVEY: Hi, my name is Andy Povey. My father was up here a few minutes ago.

MR. ANDERSEN: Where are you from?

ANDY POVEY: I'm from American Falls.

I want to talk about the first thing on your agenda of how to keep new farmers on the farms. I believe the answer is pretty simple and that's to help make it profitable. As a young farmer, I use the FSA guaranteed loan program. I recently was able to purchase my first piece of ground with the help of it. I also found it very, very helpful.

Although, when I bought this piece of ground along with my operating loan, I'm up to the ceiling with what I can loan through it, and where I haven't been able to build equity too good, I can't get -- it's hard to -- well, (inaudible) I'm up to the ceiling on the guaranteed loan program, and if I want to expand like I need to to stay economically viable, I've got to keep expanding. I think the loan's hitting around \$880,000 or somewhere in there.

If I got to go -- you can't go when you're 50 years old because then you're too old to pay for it by the time you want to retire, so I think it might help with -- if they raise the ceiling.

Along the same lines, I think that ceiling might be fine for (inaudible due to background noise) less than agriculture. You know, I can't speak for them, but here in where we have irrigation systems, higher costs of farming, you know, grow crops, you get to those ceilings pretty fast.

I also have an experience with Sugar Beets (inaudible) Program that I felt is -- was built more for the midwestern producers. Their costs -- you know, they're looking at 20-ton average beets with rent -- you know, I'm sure their rent on their acreage is a lot less.

I was really close to being able to qualify with a 35 percent loss. Was right at it, and if we could have with a (inaudible) I was in there to qualify for disaster assistance, but since it was such a one-sided (inaudible) program, I was unable to qualify. I swam through it, but it -- you know, it's only because I had some good crops and a lot of help.

The other areas of concern I have are CAFTA and NAFTA. That stuff's already been addressed. And last -- the last thing I'd like to end on probably is the national headlines say the nation's farms are making record profits. This is simply not true. Our oil sector skews the headlines by saying the oil prices are not at an all time high when adjusted for inflation.

I think it's time for the commodities farm bids to be treated with a little more respect by the rule makers and up the prices we receive up near record levels of inflation, and try to help us make a little money. I appreciate your time.

MR. ANDERSEN: Thank you.

ANDY POVEY: Can I give you give these written comments somewhere?

MR. ANDERSEN: Written comments?

MR. REY: Sure.

ANDY POVEY: Thank you.

MR. ANDERSEN: Anybody else? I have one person that was reserving their comments until the very last. We have a clean-up hitter. Please, welcome.

CAROL VOIGT: Well, I didn't really need to be last, but I wanted to say that the (inaudible due to background noise) fall of the Russian Empire, the farmers were done away with. They went on their farms and slaughtered these Russian people and destroyed and burned their crops. The same thing happened at (inaudible) in World War II. They went in there and destroyed their crops and killed people. Czechoslovakia and many other countries were harmed severely. And the war was very strongly fought by these aggressive NAZI because they had weakened people who wanted freedom, but they had so many things against them, but this huge army. And we're dealing with needing to keep freedom in America.

Food is freedom. We have to make sure that our family farms flourish because if the big farmers have some reason they can't continue, even if (inaudible) the family farm should be helped. I understand they get less for subsidies. The big farmers are getting the big subsidies and that way they can afford to be bigger farmers and swallow up others.

Market connections are very important. And if you look at CAFTA, we've all been CAFTA'd and NAFTA'd and what's the other one -- NAD'd? And nobody seems to recognize

that because that has an influence on our lives. And we need to balance trade. A bushel for a bushel. A hundred for a hundred. We don't want to just have an imbalance of trade.

The farmers need to be paid a parity price for their crops. I see these potatoes here and we go to the grocery store, and what are they, a dollar or a dollar and a half a pound? There's got to be a better way to feed us, so that we can afford it. We grow potatoes, but we can't afford to buy them. The fuel price, I don't know what they're going to do with that, so I won't even mention that hardly.

But I think that these policies are encouraging a new world disorder. We hear about the world's -- the new world's order. And I voted for Bush, but I'm really disappointed in him in a lot of ways. But what choices did we have? It was between him and Gore. We just somehow need to find people who care. I might get spit on or something, but when Pat Buchanan was running for president, it made sense because he was aware of the farm issues plus other grass roots issues, and I thank you for your time. I didn't say my name, Carol Voigt from Menan, Idaho.

MR. ANDERSEN: Thank you very much. Last call. Please.

CHEYENNE SUCAN: My name is Cheyenne Sukan (phonetic) from Paul, Idaho. I also work in Burley, Idaho for DL (inaudible due to background noise) as a loan officer there. Not only that, but I live and work on the family farm, which has -- I believe it's a (inaudible) generation there. With my my husband trying to get on (inaudible) with my son to try to make sure that we can stay there and do what we love to do, and me being able to keep my job in town as well.

And the interest rates, there used to be a program that helped the farmers, but the margins from what the bank has to charge for them to make a profit and the government's set to make a margin feasible to the farmer so that's still there. That is no longer an option for (inaudible). And the box is still there to mark, but it's unusable.

There's a \$250,000 cap on beginning farmer purchases and then you'll also end up with guarantees above that. That's not even (inaudible) back east when they have their five and 10 acre farms with all of their food and that, they can get \$70,000 and get five or 10 acres. We can't make a living off of that here. Those have to be increased. I can't put together a budget for farmers -- for beginning farmers or existing farmers to purchase those lands.

That's -- you know, you're looking at to even get a farm (inaudible) maybe make a living with a one set family, you're looking at a million dollars just to purchase the farm with maybe a small house on it. The machinery payment that our farmers are ending now, maybe they have five year payments, and whatnot, and then once they get to the end of those, they aren't able to get more loans to update their machinery because it's all going back to make up the deficit in the margin from the year before.

My grandfather in 1949 could sell wheat, well, 15 percent more than what my husband and father-in-law can sell it for more. I don't know -- and then the fuel, and fertilizer, and power, those are our three main expenses in farming. And they keep going up and our prices keep going down. We just can't make it.

And we -- my husband and I tried to stay in a budget to buy our own farm. Even if my father-in-law bought the equipment, we can't make the farm payment. We can't make the budget fly. I work at a place where I can go through and I can use all of my budget resources. I can use all of my computer programs. I can literally crunch numbers all day long. I can't make it work.

And we're not going to have any younger farmers being able to come into. And you can't just start them up. Once a generation has grown up on the farm, farms are gone, you can't rebuild that. They have to live and work on a farm from the beginning in order to make it work for the future. Thank you.

MR. ANDERSEN: Thank you very much. Last opportunity to comment on the 2007 Farm Bill. From the Idaho State Fair, Eastern Idaho. Anybody else? I don't want to see a mad dash down from the grandstands. All right. Let's go to close. I want to give our visiting guests an opportunity to make some final comments. Maybe we'll go first with Pat Takasugi from the State Ag Department.

MR. TAKASUGI: Again, thanks, for coming out and enduring, those of you that stood in the sun.

It's a lot easier when you're in the shade, but the comments I think were appropriate and direct. And I think the Secretary appreciates that. And I know Mark Rey has taken -- he's taken as many notes as I did. It looked like there was a contest there for a minute, but I hope that the legislature as well as congress, the president, and also the government look at these comments that we'll be compiling for the governor of the State of Idaho and all the other comments that go into the USDA

But I think Idaho's producers are concerned about the sustainability of the market, and sustainability is tied to the infrastructure. It's tied to transportation and it's tied to energy, but the bottom line is it's tied to profitability. And we can do anything you want, but if you don't have profitability in agricultural, and unfortunately I know it because my banker lets me know it all the time, we're not going to have farmers.

I appreciate the last comment in talking about how younger farmers no matter what they do, no matter how many times they turn that Excel worksheet upside down, it doesn't fix it. I think unfortunately that's the truth.

Four acres, you can have all the tools,

but they may not have the farm to go to. And I hope that in this Farm Bill with these comments that the Undersecretary has heard and the Secretary's heard around the country, we're able to fashion something that's not designed for the midwest, but it's designed for farmers and ranchers across the country.

So, again, thank you for presenting those comments and thank you Undersecretary Rey.

MR. ANDERSEN: Thank you very much. And, again, Mr. Undersecretary we'll turn the balance to you.

UNDERSECRETARY REY: Well, thank you very much for moderating this session, and thank you, Pat, for participating as well. I thank all of you for your thoughts and comments. I was particularly impressed by your ability to instill what you wanted to say within the time frame that we imposed.

I have to do that a lot myself as a witness before congress and I know how hard it is to get your thoughts in order and to express them in a very short period of time.

This is, as I indicated earlier, it's the third Farm Bill forum that I've done personally. I want to assure you that we are going to take what you had to say into account as we begin to think

about where we want to advise congress where the next Farm Bill should go. I took five pages of very small, very tightly written notes about your comments.

Some of what I've heard, I've heard it at previous ones that I've participated in. A couple of things that were new here today. We have some degree of despair about the tenure of the political discourse in Washington, D.C. and how far this has become. My personal view is that if people would just agree with my point of view, we could eliminate all of that and make it a lot easier.

But I will tell you that farm policy generally over the years has been one area where Democrats and Republicans have been able to put their partisan differences aside and work for the good of rural communities and American agriculture. And I don't think that's going to change. I think what you'll see in the 2007 Farm Bill, as you saw in the 2002 Farm Bill, is going to be bipartisan work for Democrats and Republicans alike, will work to do their best for American agricultural.

The cost of fuel is something that I've heard a little bit more about today than we have in the previous forums. That doesn't surprise me given

where we're at with the gasoline prices today, but I hope where we're at with regard to gasoline prices today, it's a bubble in the market that will receive to some degree as we overcome the disruptions in the supply line caused by Hurricane Katrina.

I know that with some of the issues that we have underway resulting from the 2002 Farm Bill is some of the initiatives that will emerge from the Energy Bill that Congress passed just a little over a month ago that we will see a substantial increase in the use of bio-based fuels and bio-based technologies.

And I have to believe that while that won't change things overnight, it will in a period of three or four or so years begin to moderate fuel prices as alternatives from biological base products start to take a larger share of the market as they must and will as fossil fuels remain high in price.

Trade policy is probably the most complex area of American farm policy today. On the one hand, in the fiscal year 2004, we exported \$62 billion dollars worth of farm products. That's an all time record, and 11 billion dollars in farm products that we exported in 2000.

By the time we close the book on fiscal year 2005, I believe that we will come close to matching fiscal year 2004's record. At the same time we know that that trade activity is not (inaudible) in the quality across all sectors of farm economy. But there is one important statistic that I think drives what we have to do, and that statistic is this: The increase in our rate of consumption of farm products as a country is proceeding at half the rate of increase of our production. So we can't consume enough farm products to make our farm economy welcome because our production is out stripping our consumption.

And so we're going to continue to have to seek access on a fair and equitable basis to foreign markets in order for the agricultural sector as a whole to succeed, even in certain cases for certain periods of time that make this advantageous in particular circumstances, so it's a very complex area where nothing -- no general statistics necessarily answer any specific questions.

Lastly, the one thing that I've heard consistently throughout all the Farm Bill forums we've had today is the concern over what the next generation of American agricultural will look like. The median age for the American farmer is about 55 years. Interestingly, ironically, that's the median age of the U.S. Department of Agriculture employee today, so we're both in the same bag, I guess in terms of planning a succession in the transition to a new generation.

So I think what you'll see, and I don't have any answers yet for you today, but I can commit to you that we will spend a lot of time seeking those answers because what you'll see in the 2007 Farm Bill is a significantly greater amount of attention to programs that are going to help the transition to the next generation of farmers and the next generation of USDA employees.

So with that, I thank you very much for your attention, your advice, and your thoughts today, and I look forward to hearing more from your counterparts in other parts of the country who will no doubt share some of your same concerns as well as have concerns that are unique and peculiar to their individual states as well.

Thanks very much for your time and your thoughts.

MR. ANDERSEN: Again, thank you Mr. Rey and Mr. Takasugi for being here with us today. It's nice to have them in attendance. Also one of the things that hasn't been really seen is most of the support personnel and staff wearing burgundy shirts for their efforts for their helping of sending us some information and getting people where they need to go and for handling all the logistics. We appreciate your help as well. Our stenographer, who I'll stop talking momentarily, so that she can stop typing.

But most importantly to you for your comments, and again, we will remind you that you can have additional comments. I know people that want to make them, you can go to USDA.gov and there's a link there for you to add your comments to what's been stated today.

Again, we wish you a good afternoon. Enjoy your afternoon at the fair and a bountiful harvest to you all. Thank you.